

**RECREATION DISTRICT NO. 2**  
**OF LIVINGSTON PARISH**

**REPORT ON AUDIT OF**  
**COMPONENT UNIT FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

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June 25, 2012

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Recreational District No. 2 of  
Livingston Parish  
Livingston Parish Council  
Watson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Recreation District No. 2 of Livingston Parish, State of Louisiana, "the District" (a component unit of the Livingston Parish Council), as of and for the year ended December 31, 2011 which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Recreation District No. 2 of Livingston Parish's December 31, 2010 financial statements and, in our report dated May 6, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund (General Fund) of the Recreation District No. 2 of Livingston Parish, State of Louisiana as of December 31, 2011, and the respective budgetary comparison of the General Fund and the changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Recreation District No. 2 of  
Livingston Parish, State of Louisiana

As described in Note 1 to the basic financial statements, the Recreation District No.2 of Livingston Parish adopted the provisions of Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, in 2011.

In accordance with Government Auditing Standards, we have also issued a report dated June 25, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

*Harris J. Bourgeois, CPA*

Recreation District No. 2 of Livingston Parish  
Watson, LA  
Management's Discussion and Analysis  
December 31, 2011

This section of the Recreation District No. 2 of Livingston Parish's (the District) annual financial report represents our discussion and analysis of the District's financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

**FINANCIAL HIGHLIGHTS**

- \* Net Assets on December 31, 2011 and 2010 were \$2,483,985 and \$2,483,252 respectively.
- \* The Net Assets of the Governmental Activities showed an increase of \$733 or a .03% increase in 2011, and a decrease of \$245,138 or an 8.98% decrease in 2010.
- \* The total general fund balance at December 31, 2011 was \$1,400,054. This reflects a decrease in 2011 to the general fund of \$18,387 or 1.3%. In 2010, the general fund balance decreased \$373,869 or 20.8%.
- \* At the end of 2011, Unassigned General Fund Balance of \$1,400,054 represents 154.5% of total General Fund Expenditures.
- \* The District had a 3.73% increase in ad valorem revenue in 2011, while experiencing a 2.1% increase in 2010. The ad valorem tax revenue totaled \$728,647 in 2011 and \$702,494 in 2010, representing 82.09% and 90.00% of the total revenues in each of the respective years.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.



**Government-wide financial statements** are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It provides readers a concise “entity-wide” Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District’s financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the District’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 9 - 10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District are governmental type funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 28 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

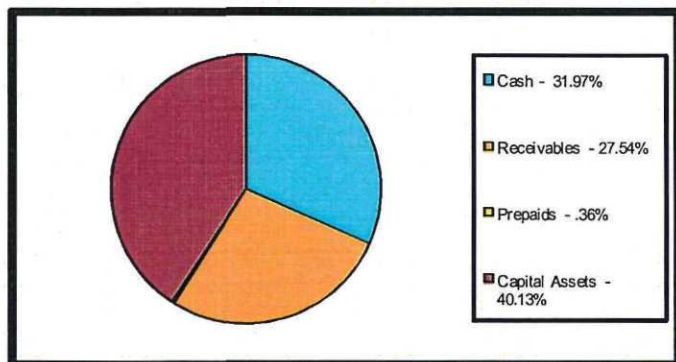
### STATEMENT OF NET ASSETS

The following is a schedule of the District's net assets at December 31, 2011 and 2010. Net assets are calculated by taking the difference between the total assets and total liabilities. The District's assets exceeded its liabilities at the close of 2011, by a total of \$2,483,985.

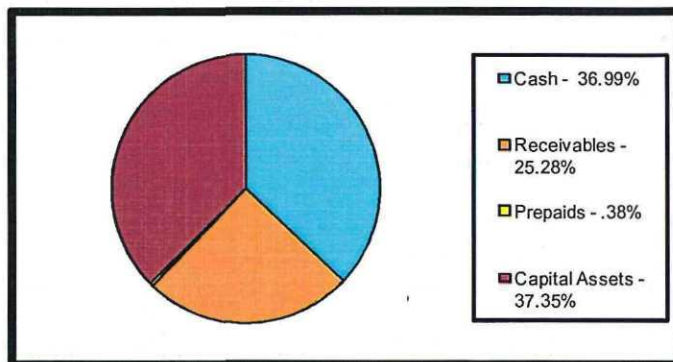
	<u>2011</u>	<u>2010</u>	<u>Increases (Decreases)</u>
Cash and Cash Equivalents and Investments	\$ 855,416	\$1,043,812	\$(188,396)
Receivable, Net of Allowances	736,880	713,615	23,265
Prepaid Expenses	9,647	10,771	(1,124)
Capital Assets, Net of Depreciation	<u>1,074,284</u>	<u>1,054,040</u>	<u>20,244</u>
Total Assets	2,676,227	2,822,238	(146,011)
Current Liabilities- Due to Government	<u>192,242</u>	<u>338,986</u>	<u>(146,744)</u>
Total Liabilities	192,242	338,986	(146,744)
Net Assets:			
Invested in Capital Assets, Net of Related Debt	1,074,284	1,054,040	20,244
Unrestricted	<u>1,409,701</u>	<u>1,429,212</u>	<u>(19,511)</u>
Total Net Assets	<u>\$2,483,985</u>	<u>\$2,483,252</u>	<u>\$ 733</u>

The largest portion of the District's net assets are reflected on the following charts:

**2011**



**2010**





## **STATEMENT OF ACTIVITIES**

The District provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. Most of the funding for the District's operation and maintenance is provided by property taxes and public based program fees.

Property taxes are the largest source of revenue for the District. The District collects 15 mills for the operation and maintenance of the park system. This money is put into the general fund and is used to pay for the operation and maintenance of the park system. The operation and maintenance mills must be renewed every ten years. In March 2004, the voters in the District renewed the current millage for an additional 10 years, to the year 2014.

Other sources of revenue for the District include ball field rental fees, concessions, grants, and interest on investments. The following chart shows the major source of revenues and expenses.

### **Condensed Statement of Activities**

	<u>2011</u>	<u>2010</u>	<u>Increases (Decreases)</u>
Revenues:			
Program Revenues	\$ 63,783	\$ 57,969	\$ 5,814
General Revenues	<u>823,910</u>	<u>722,624</u>	<u>101,286</u>
	887,693	780,593	107,100
Expenses:			
Parks and Recreation	765,090	976,999	(211,909)
Depreciation	<u>81,870</u>	<u>48,732</u>	<u>33,138</u>
	846,960	1,025,731	(178,771)
Special Item:			
Capital Asset Transfer to Primary Government	<u>(40,000)</u>	<u>-</u>	<u>(40,000)</u>
Change in Net Assets	<u>\$ 733</u>	<u>\$ (245,138)</u>	<u>\$ 245,871</u>

### **REVENUES**

- Property tax revenue increased \$26,153 or 3.72% from the previous year.
- In 2011, the District received interest income totaling \$11,193 on cash reserves.
- In 2011, the District received \$6,071 of grant revenue.
- In 2011, the District received a donation of land and building appraised at \$55,000 and a donation to purchase a sign of \$15,000.



## **EXPENSES**

Total expenses decreased by \$178,771 or 17.43%. This decrease was the net of some increases and a large decrease in the governmental transfer expense.

- A decrease of \$336,720 in construction related transfers to the primary government.
- Salaries and related expenses increased by \$33,848.
- Repairs and maintenance costs increased by \$58,147.
- Program expenses increased by \$6,075 due to overseeing baseball, basketball, and football.
- Utility expenses increased by \$13,843 due to additional costs associated with expanded facilities.
- Depreciation expense increased by \$33,138.

## **BUDGETARY HIGHLIGHTS**

- The final amended budget for revenues reflects an increase of \$22,900. Ad valorem tax revenues were decreased by \$2,300. Interest income decreased by \$4,100 and program revenue increased by \$7,200. Ballfield rental revenue increased by \$7,300 due to more weekend tournament play rentals.
- In 2011, the District exceeded its revenue final budget by \$54,693.
- The final amended budget for expenditures in 2011 reflects a decrease of \$310,800. The majority of the budget decrease was caused by the reduction in intergovernmental transfer costs (construction costs on project for new facilities) for 2011.
- Total expenditures were greater than final amended budget expenses by \$29,980 primarily due to accrued construction costs treated as capital outlay from the amended budget forecasts.

## **CAPITAL ASSETS**

**Capital assets.** The District's investment in capital assets as of December 31, 2011 and 2010, amounts to \$1,074,284 and \$1,054,040, respectively (net of accumulated depreciation). The increase in the District's net investment in capital assets for 2011 was \$20,244 and is composed of \$142,114 of additions, depreciation expense of \$81,870, and capital asset transfer to Primary Government of \$40,000.

Major capital asset events during 2011 included the following:

- Purchase of Field House building additions for \$23,401
- Purchase of pitching mounds for \$13,372
- Purchase of fencing and football field design for \$25,096
- Purchase of various lawn and other equipment for \$19,245
- Purchase of a used vehicle for \$6,000
- Received a donation of land and building with an appraised value of \$55,000
- Transfer of construction in progress to Primary Government for \$40,000

### **FUTURE EXPENSES**

The District is committed to previous years' goals of accomplishing proper maintenance to the existing park facilities for the new population demand being experienced. The extreme growth in the number of homeowners in the District and the additional population wishing to use the park facilities will require additional support facilities and future upgrades for parking, etc. The main phase of construction on a master plan expansion of field complexes has been completed in 2012. The new complex is comprised of new baseball complexes, road access, parking, bathrooms, concession facilities, and a track-soccer-football complex. A Cooperative Endeavor agreement between the District and the Parish Council directs the District to transfer amounts to the Livingston Parish Council which in turn will be used to retire the debt. The District also is overseeing the basketball, football, baseball, and other innovative recreation programs in 2012-2013 and beyond. This is a new endeavor to run the programs and provide facilities to the public to achieve recreational goals.

### **REQUESTS FOR INFORMATION**

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the Recreation District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Randall Smith, P.O. Box 54, Watson, LA 70786.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**STATEMENT OF NET ASSETS**

DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

<b><u>ASSETS</u></b>	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Cash and Cash Equivalents	\$ 855,416	\$ 1,043,812
Property Tax Receivables	708,216	700,287
Accounts Receivable - Other	15,272	5,945
Due from Primary Government	13,392	7,383
Prepaid Insurance	9,647	10,771
Capital Assets (Net of Accumulated Depreciation)	1,074,284	1,054,040
Total Assets	<u>\$ 2,676,227</u>	<u>\$ 2,822,238</u>
 <b><u>LIABILITIES</u></b>		
Accounts Payable	\$ 75,922	\$ 45,090
Due to Primary Government	116,320	293,896
Total Liabilities	<u>192,242</u>	<u>338,986</u>
 <b><u>NET ASSETS</u></b>		
Investment in Capital Assets, Net of Related Debt	1,074,284	1,054,040
Unrestricted	1,409,701	1,429,212
Total Net Assets	<u>2,483,985</u>	<u>2,483,252</u>
Total Liabilities and Net Assets	<u>\$ 2,676,227</u>	<u>\$ 2,822,238</u>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

<b><u>Governmental Activities:</u></b>	<u>2011</u>	<u>2010</u>
<b>Expenses:</b>		
Parks and Recreation	\$ 765,090	\$ 976,999
Depreciation	<u>81,870</u>	<u>48,732</u>
Total Expenses	846,960	1,025,731
 <b>Program Revenues:</b>		
Charges for Services	<u>63,783</u>	<u>57,969</u>
Net Program Expense	783,177	967,762
 <b>General Revenues:</b>		
Taxes - Property	728,647	702,494
Donations	77,999	-
Grant Revenue	6,071	4,179
Interest Income	<u>11,193</u>	<u>15,951</u>
Total General Revenues	823,910	722,624
 <b>Special Item:</b>		
Capital Asset Transfer to Primary Government	<u>(40,000)</u>	<u>-</u>
Change in Net Assets	733	(245,138)
 <b>Net Assets - Beginning of Year</b>	<u>2,483,252</u>	<u>2,728,390</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 2,483,985</u></u>	<u><u>\$ 2,483,252</u></u>

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**BALANCE SHEET - GENERAL FUND**

DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 855,416	\$ 1,043,812
Property Tax Receivables	708,216	700,287
Accounts Receivable-Other	15,272	5,945
Due From Primary Government	<u>13,392</u>	<u>7,383</u>
Total Assets	<u><u>\$ 1,592,296</u></u>	<u><u>\$ 1,757,427</u></u>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 75,922	\$ 45,090
Due to Primary Government	<u>116,320</u>	<u>293,896</u>
Total Liabilities	192,242	338,986
 <b>Fund Equity:</b>		
Fund Balance:		
Unassigned	<u>1,400,054</u>	<u>1,418,441</u>
Total Fund Equity	<u>1,400,054</u>	<u>1,418,441</u>
Total Liabilities and Fund Equity	<u><u>\$ 1,592,296</u></u>	<u><u>\$ 1,757,427</u></u>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2010)

	<u>2011</u>	<u>2010</u>
<b>Fund Balances - Total Governmental Fund</b>	\$ 1,400,054	\$ 1,418,441
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital Assets Used in Governmental Activities are not Resources and Therefore are not Reported in the Funds		
Governmental Capital Assets	1,624,139	1,522,025
Less: Accumulated Depreciation	<u>(549,855)</u>	<u>(467,985)</u>
	1,074,284	1,054,040
Prepaid Insurance	<u>9,647</u>	<u>10,771</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 2,483,985</u></u>	<u><u>\$ 2,483,252</u></u>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

	2011	2010
<b>Revenues:</b>		
Ad Valorem Tax, Net	\$ 728,647	\$ 702,494
Ballfield Rental	11,635	3,875
Donations	77,999	-
Grant Revenue	6,071	4,179
Program Revenue	48,070	47,725
Interest	11,193	15,951
Concessions	4,078	6,369
Total Revenues	887,693	780,593
<b>Expenditures:</b>		
Parks and Recreations:		
Payroll and Payroll Taxes	95,868	62,020
Commissioner Per Diem	7,600	6,100
Bank Charges	-	1,500
Insurance	17,619	15,711
Legal and Accounting	22,002	17,276
Miscellaneous	231	-
Assessor's Pension Fund	29,528	28,600
Program Expenses	69,005	62,930
Rent	4,341	3,000
Repairs and Maintenance	97,895	39,748
Supplies and Small Equipment	605	3,969
Travel	21	490
Intergovernmental Transfer	387,649	722,533
Utilities	31,602	17,749
	763,966	981,626
Capital Outlay	142,114	172,836
Total Expenditures	906,080	1,154,462
Excess (Deficiency) of Revenues over Expenditures	(18,387)	(373,869)
<b>Fund Balance at Beginning of Year</b>	1,418,441	1,792,310
<b>Fund Balance at End of Year</b>	\$ 1,400,054	\$ 1,418,441

The accompanying notes constitute an integral part of this statement.



**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

	<u>2011</u>	<u>2010</u>
<b>Net Change in Fund Balance - Total Governmental Fund</b>	<b>\$ (18,387)</b>	<b>\$ (373,869)</b>
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Outlays	142,114	172,836
Depreciation Expense	(81,870)	(48,732)
Special Item:		
Capital Asset Transfer to Primary Government	(40,000)	-
Change in Prepaid Insurance	<u>(1,124)</u>	<u>4,627</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ 733</u></u></b>	<b><u><u>\$ (245,138)</u></u></b>

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2  
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Tax, Net	\$ 742,000	\$ 739,700	\$ 728,647	\$ (11,053)
Ballfield Rental	3,000	10,300	11,635	1,335
Donations	-	-	77,999	77,999
Grant Revenue	-	16,000	6,071	(9,929)
Program Revenue	49,000	56,200	48,070	(8,130)
Interest	9,100	5,000	11,193	6,193
Concessions	7,000	5,800	4,078	(1,722)
Total Revenues	810,100	833,000	887,693	54,693
<b>Expenditures:</b>				
Parks and Recreation:				
Payroll and Payroll Taxes	133,400	99,000	95,868	3,132
Commissioner Per Diem	7,200	7,800	7,600	200
Insurance	21,000	15,000	17,619	(2,619)
Legal and Accounting	21,000	23,000	22,002	998
Miscellaneous	-	1,550	231	1,319
Assessor's Pension Fund	29,500	30,000	29,528	472
Program Expenses	62,500	73,000	69,005	3,995
Rent	3,000	4,400	4,341	59
Repairs and Maintenance	41,000	85,000	97,895	(12,895)
Supplies and Small Equipment	900	500	605	(105)
Travel	600	50	21	29
Intergovernmental Transfer	793,000	428,900	387,649	41,251
Utilities	23,800	28,900	31,602	(2,702)
	1,136,900	797,100	763,966	33,134
Capital Outlay	50,000	79,000	142,114	(63,114)
Total Expenditures	1,186,900	876,100	906,080	(29,980)
Excess (Deficiency) of Revenues over Expenditures	(376,800)	(43,100)	(18,387)	24,713
<b>Fund Balance at Beginning of Year</b>	1,418,441	1,418,441	1,418,441	-
<b>Fund Balance at End of Year</b>	\$1,041,641	\$1,375,341	\$1,400,054	\$ 24,713

The accompanying notes constitute an integral part of this statement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2011

**(1) Summary of Significant Accounting Policies -**

The Recreation District No. 2 “the District” is a body corporate created by the Livingston Parish Council as provided by Louisiana Revised Statutes. The District is governed by a board of five commissioners who are appointed by the Livingston Parish Council.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 30, 2011, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

**A. Financial Reporting Entity**

This report includes all funds which are controlled by or dependent on the District's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 14, the District is a component unit of the Livingston Parish Council, the governing body of the parish. The accompanying financial statements present information only on the funds maintained by the Recreation District and do not present information on the Council and the general government services provided by that governmental unit.

**B. Basis of Presentation**

Basic Financial Statements - Government-Wide Statements

The Recreation District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the District categorized as a business-type activity.



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (taxes, interest and investment earnings, etc).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in an individual fund in the fund financial statements. This fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. This fund is reported by generic classification within the financial statements.

The District uses the following fund type:

**Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. At December 31, 2011, it is the only fund of the District.



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**C. Basis of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual -**

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the District consist principally of property taxes, charges for services and interest income. Interest income is recorded when earned. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years.

**2. Modified Accrual -**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty day availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

**D. Capital Assets**

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Buildings	20 to 40 years
Parking Area	20 years
Fencing, Lighting, Bleachers and Equipment	5 to 30 years
Vehicles	5 years

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

E. Budgetary Practices

The District utilizes the following budgetary practices:

The Administrative Secretary prepares the annual budget which is based on what is expected to be collected and/or levied during the fiscal year and is approved by the Board. The adopted budget constitutes the authority of the Recreation District No. 2 to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds, if any, used for the acquisition, construction, or improvements of those assets.

H. Summary Financial Information for 2010

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2010, from which the summarized information was derived



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**I. Fund Equity**

The District implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements, effective January 1, 2011. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the District but are not spendable until a budget resolution is passed.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum balance.

The details of the fund balances are included in the Balance Sheet - Governmental Funds. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the District or the Assignment has been changed by the District. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

**(2) Property Taxes -**

On March 9, 2004, an election was held whereby the voters of Recreation District No. 2 of Livingston Parish approved the renewal of the 10 year 15.00 mill ad valorem tax assessed on all property subject to taxation within the District for the purpose of "maintaining, and operating the District's recreational facilities and for acquiring, constructing or renovating additional facilities". This assessment began in the year 2005 and will end with the year 2014.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The District's taxes are collected by the Livingston Parish Tax Collector and are remitted to the District monthly.

Total taxes assessed and taxes receivable at December 31, 2011 are as follows:

Revenues:

Assessed Valuation	\$ 49,857,680
x Assessed Millage	<u>x 15.00 M</u>
Ad Valorem Taxes Assessed	747,865
Less: Estimated Uncollectible	<u>(26,175)</u>
Net Current Year Ad Valorem Tax	721,690
Additional Prior Year Taxes Collected in 2011	<u>6,957</u>
Ad Valorem Tax Revenues	<u><u>\$ 728,647</u></u>

Receivable:

Net Current Year Ad Valorem Taxes	\$ 721,690
Less: Amounts Collected Before December 31	<u>(13,474)</u>
Property Tax Receivable, Net of Allowance	<u><u>\$ 708,216</u></u>

**(3) Changes in Capital Assets -**

Capital asset activity for the year ended December 31, 2011 is as follows:

<u>Governmental Activities</u>	<u>Balance December 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2011</u>
Capital Assets not being Depreciated:				
Land	\$ 551,943	\$ 40,000	\$ -	\$ 591,943
Construction in Progress	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Total Capital Assets not being Depreciated	591,943	40,000	(40,000)	591,943

(CONTINUED)



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

	<u>Balance</u> <u>December 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2011</u>
<u>Governmental Activities (Continued):</u>				
Capital Assets being Depreciated:				
Building	195,922	38,401	-	234,323
Parking Area	150,902	-	-	150,902
Fencing, Lighting, Bleachers, and Equipment	583,258	57,713	-	640,971
Vehicles	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total Capital Assets being Depreciated	930,082	102,114	-	1,032,196
Less Accumulated Depreciation for:				
Building	57,293	6,277	-	63,570
Parking Areas	109,556	7,545	-	117,101
Fencing, Lighting, Bleachers, and Equipment	301,136	66,948	-	368,084
Vehicles	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total Accumulated Depreciation	<u>467,985</u>	<u>81,870</u>	<u>-</u>	<u>549,855</u>
Total Capital Assets being Depreciated, Net	<u>462,097</u>	<u>20,244</u>	<u>-</u>	<u>482,341</u>
Total Governmental Activities Capital Assets, Net	<u>\$1,054,040</u>	<u>\$ 60,244</u>	<u>\$ (40,000)</u>	<u>\$1,074,284</u>

Depreciation expense for the year ended December 31, 2011 is \$81,870 as reported in the Statement of Activities.

**(4) Changes in Long-Term Debt -**

The District has no long term debt outstanding at December 31, 2011. See Note 10 concerning outstanding bonds issued in the name of the Livingston Parish Council and the proceeds used to expand and improve facilities of the District.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**(5) Leases -**

The District has a verbal month to month lease to use property adjacent to the District for \$250 per month. Total lease expense at December 31, 2011 is 4,341.

**(6) Cash and Cash Equivalents -**

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and cash equivalents totaling \$866,152 with a carrying amount of \$855,416 at December 31, 2011. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents at December 31, 2011:

Deposits in Bank Accounts per Balance Sheet	\$ 855,416
Bank Balances (Category 3 Only):	
a. Uninsured and Uncollateralized	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>616,154</u>
Total Category 3 Bank Balances	\$ 616,154
Total Bank Balances (Regardless of Category)	<u>\$ 866,152</u>

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2011, \$616,154 of the District's bank balance of \$866,152 was exposed to custodial credit risk because it was uninsured by FDIC and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

**(7) Litigation -**

At December 31, 2011, the District is involved in a lawsuit with a contractor whose work was not completed satisfactorily or timely at the Complex. The remaining balance of the contract is unpaid at December 31, 2011 is \$116,320 and is included in these financial statements at December 31, 2011. Management and legal counsel believe that the liability should be no greater than the amount recorded in these financial statements at December 31, 2011. The contractor has filed a lawsuit for the balance of the contract. Management and their attorney will defend the case vigorously.

**(8) Compensated Absences, Pension Plan, and Other Postemployment Benefits -**

At December 31, 2011, the District has no plan or provision for compensated absences, pension plan or other post employment benefits.

**(9) Per Diem Paid Board Members -**

Each member of the Board of Commissioners is eligible to receive a per diem allowance for attending each regular or special meeting of the board. In 2011, the per diem allowance was \$100 per meeting. All Board Members serve five year terms. Per diems paid to the board members for the year was as follows:

Roger Morris (Term expires February 13, 2014)	\$ 1,200
James Hood *	1,200
Gary Talbert *	1,100
Mike Pendarvis (Term expires February 13, 2014)	1,100
Jeff Betz (Term expires February 13, 2013)	1,000
Russell Erwin *	900
Kenneth Graves (Term expires February 13, 2013)	<u>1,100</u>
	<u>\$ 7,600</u>

\*Serving month to month until a replacement is appointed.



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

**(10) Commitment -**

On April 9, 2008, the Board of Commissioners of the District voted to adopt a Resolution requesting for the Parish of Livingston to proceed with a bond issue not to exceed \$5,000,000 through the Louisiana Local Government Environmental Facilities and Community Development Authority in order to provide funds for the District to acquire, design, construct, and develop public parks, playgrounds, and recreational properties and facilities within the District. The Board of Commissioners also voted to authorize entering into a Local Service Agreement between the Parish of Livingston and the District, in accordance with the provisions of Louisiana Revised Statutes 33:1321 – 1337, which provides for financing agreements between political subdivisions. On August 13, 2008 the Board voted to authorize the sale of \$4,455,000 in bonds for the facility expansion and other costs related to the issuance of the debt. These bonds were issued on September 4, 2008 with scheduled maturities through 2038. The bonds were issued in the name of the Livingston Parish Council and are recorded on the books of the Livingston Parish Council. The Livingston Parish Council will administer the construction funds as they are spent on the construction of the new recreational facilities. According to the provisions of the Local Service Agreement, the Parish agreed to deposit the proceeds of the bonds into a construction account to enable the District to finance the Projects, fund the reserve fund for the bonds and pay the cost of issuance of the bonds while the District agreed to pay the payment obligations to the Trustee, on behalf of the Parish, in accordance with the debt covenant requirements of the loan from current ad valorem tax revenues.

Following is a schedule that lists the various projects and the projected costs of each along with amounts spent and the financing costs of the bonds:



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

<u>Project Name</u>	<u>Projected Use of Bond Proceeds</u>	<u>Additional Funds Contributed - Interest Earnings And District Contributions</u>		<u>Projected Costs</u>	<u>Spent-to-Date</u>
Land Acquisition and Existing					
Field Preparation	\$ 719,102	\$ -	\$ 719,102	\$ 719,102	
Live Oak Sports Complex	3,150,898	607,335	3,758,233	3,758,233	
	3,870,000	607,335	4,477,335	4,477,335	
Bond Financing Costs:					
Original Issue Discount	53,574	-	53,574	53,574	
Underwriters Discount	89,100	-	89,100	89,100	
Cost of Issuance	146,876	-	146,876	146,876	
	289,550	-	289,550	289,550	
Debt Service Reserve Fund	295,450	-	295,450	295,450	
	<u>\$ 4,455,000</u>	<u>\$ 607,335</u>	<u>\$ 5,062,335</u>	<u>\$ 5,062,335</u>	

The above \$607,335 in additional funds contributed includes accumulated interest on the bond proceeds of \$43,123 and net contributions by the District of \$564,212. As of December 31, 2011, the District owed the Parish Council \$116,320 as reimbursements on the construction contract and that amount is included in these financial statements as Due to Primary Government.

For the year ended December 31, 2011, a total of \$387,649 has been paid by the District to the Livingston Parish Council, \$93,746 for construction projects and \$293,903 for sinking fund payments. A total of \$8,488,619 is anticipated to be paid to the trustee on behalf of the Livingston Parish Council by the District by the end of 2038 as provided by the Local Service Agreement.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2011

The annual requirements of principal and interest and for sinking fund payments from operations per the Local Service Agreement are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Sinking Fund Requirements</u>
2008	\$ -	\$ -	\$ -	\$ 96,587
2009	75,000	216,580	291,580	292,043
2010	75,000	216,150	291,150	292,067
2011	80,000	213,900	293,900	293,033
2012	80,000	211,300	291,300	292,100
2013	85,000	208,700	293,700	292,638
2014-2018	470,000	992,163	1,462,163	1,462,467
2019-2023	590,000	873,588	1,463,588	1,464,929
2024-2028	765,000	703,100	1,468,100	1,466,900
2029-2033	975,000	488,050	1,463,050	1,462,817
2034-2038	<u>1,260,000</u>	<u>205,538</u>	<u>1,465,538</u>	<u>1,368,488</u>
	<u>\$4,455,000</u>	<u>\$4,329,069</u>	<u>\$8,784,069</u>	8,784,069
Less:				
Contribution to Debt Service Reserve Fund				<u>(295,450)</u>
Total Commitment Due				8,488,619
2011 Payments to Livingston Parish Council				(293,903)
2010 Payments to Livingston Parish Council				(292,067)
2009 Payments to Livingston Parish Council				(292,043)
2008 Payments to Livingston Parish Council				<u>(96,587)</u>
Total Remaining Commitment				<u>\$7,514,019</u>

**(11) Current Accounting Pronouncements -**

In June 2011, the Governmental Accounting Standards Board issued GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, "Basic Financial Statements and Management's

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2011

Discussion and Analysis for State and Local Governments,” and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement will be required to be adopted by the Recreation District No. 2 of Livingston Parish for fiscal year ending December 31, 2012.

INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF THE  
COMPONENT UNIT FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS



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June 25, 2012

Board of Commissioners  
Recreation District No. 2 of  
Livingston Parish  
Livingston Parish Council  
Watson, Louisiana

We have audited the financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of Recreation District No. 2 of Livingston Parish, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting as items 2011-01 and 2011-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings and responses as item 2011-03.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit management's response and accordingly, we express no opinion on it.

This report is intended solely for the information of management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Harris J. Bourgeois, CPA*



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND RESPONSES

DECEMBER 31, 2011

**Current Year Findings:**

**(A) Findings - Internal Control Over Financial Reporting**

Finding 2011-1 No Commissioner Contract

During 2011, the District paid baseball and basketball Commissioners without signed contracts. Although the board approved of the hiring of the baseball and basketball commissioners for the 2011 season, an amount was never entered into the minutes. However, a Form 1099 was issued to these Commissioners.

Recommendation:

We recommend that a signed contract be issued annually for each Commissioner stating the duties of the Commissioner and the compensation to be paid.

Management's Response:

The District now has paid employees versus contracted individuals to conduct the direction of recreational programs. The Board of Commissioners requires monthly updates from the Director at public meetings and oversees the Director's actions of administering the District programs. All volunteer individuals that assist the Director are under his authority and report to him, upon which he reports to the board.

Finding 2011-2 No Computer Backup

During the year, we noted that the District was maintaining certain limited financial data on a computer within the office. The computer had a disk failure and this limited data was lost. The District failed to make regular backups of this computer.

Recommendation:

We recommend that any computer used to store financial data be required to be backed up on a weekly basis. This would have eliminated the loss of the data.

Management's Response:

The District now owns its own computer software and hardware which are kept in the District's office. There are no more instances of District registration data, player information, etc. being kept on private individual's personal computers offsite. New computer equipment was purchased and all records are maintained by the new park Director at the park office. Backups are being scheduled on a routine basis.



**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

DECEMBER 31, 2011

**(B) Findings - Compliance and Other Matters**

Finding 2011-3 Public Bid Law

The District is required by state law R.S. 38:2212.1A to obtain quotes for materials and supplies when those purchases exceed \$10,000 and are less than \$30,000. The District made two purchases between \$10,000 and \$30,000 where the required quotes were not maintained in compliance with state bid law.

Recommendation:

We recommend the District comply with all provisions of state law R.S. 38:2212.1A.

Management's Response:

On behalf of the District, a contracted Program Director (who was not an employee) obtained verbal quotes from three sources that supply baseball uniforms and supplies for recreational league play. He did not maintain hard copies of the quotes. The Chairman of the Board directed him to call three vendors and use the lowest prices quoted, but the Chairman did not follow up if the Director kept documentation. All activity was performed with verbal conversation and there is no paper documentation to prove the lowest prices. On January 3, 2012, the District hired a paid Director as a full time employee with the authority to handle all purchasing, planning, and operation decisions with board overview. The new employee immediately complied with bid law regulations in 2012 for ordering supplies and uniforms.

**RECREATION DISTRICT NO. 2 OF  
LIVINGSTON PARISH**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

DECEMBER 31, 2011

**(A) Findings - Internal Control Over Financial Reporting**

None

**(B) Findings - Compliance and Other Matters**

Finding 2010-1 Failure to Amend Budget (LSA-R.S. 39:1310):

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. See Note 11 to the financial statements for a complete list of unfavorable budget variances that exceed the 5% variance required by state law.

Recommendation:

We recommended that the management of the District monitor actual costs and make appropriate budget amendments to comply with the law requiring the budget to actual variance to be within 5%.

Management's Response:

Management formally amended the 2010 original budget on December 8, 2010, to reflect various capital outlay items approved for the year. In late November and in December, commitments to expenditures by the board were made for backstop improvements for \$15,442 and for maintenance building concrete improvements for \$14,104. These amounts along with the \$289,717 accrual to intergovernmental transfer for amounts owed to the contractor for the balance of the new complex construction project resulted in unfavorable amounts for capital outlay and for intergovernmental transfers as per the amended budget.

The contractor was late on the substantial completion of the entire project which will be finalized in mid 2011. This will result in a large deduction from the balance of retainage accrued as owed to the contractor. The information regarding the true amount of contract amounts owed at December 31, 2010, were not fully available to management until after the amended budget deadlines had passed. Architect assistance and coordination with the Livingston Parish Council's banking representatives was in the midst of calculating actual liabilities, and the contractor's year end application for payment reflects the accrual totals for retainage.

Corrective Action:

In the current year the District complied with the requirements of the Budget Act.